**Blueprint Document**

Financial Accounting

|  |  |
| --- | --- |
| **Customer** | exertis |
| **Project** | Optimus |
| **Stream** | Finance |

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# Document Control

## Revision History

| **Version** | **Date** | **Change description** | **Author** | **Approver (if issued)** |
| --- | --- | --- | --- | --- |
| 0.1 | 21/08/2014 | Initial Draft | Chris Varma |  |
| 0.2 | 29/06/2015 | Updated for WRICEF | Chris Varma |  |
| 2.1 | 02/07/2015 | Updated for WRICEF and scope changes | Chris Varma |  |
| 3.0 | 21/07/2015 | Further WRICEF and GAP cross checking. | Chris Varma |  |
| 3.1 | 23/07/2015 | Further WRICEF and GAP cross checking. | Chris Varma |  |
| 3.2 | 07/08/2015 | Updates from comment sheet | Ross Boardman |  |
| 4.0 | 21/08/2015 | Updates for GAPS | Chris Varma/Ross Boardman |  |
| 4.1 | 01/09/2015 | Updates from comment sheet. | Ross Boardman |  |

## Reviewers

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## Related Document

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| **Name of Document** |
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## Approval

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Position** | **Signature** | **Date** |
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| Dave Clayton | exertis Project Manager |  |  |
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# Finance General Introduction

This document captures the SAP design required to support the General Ledger (GL) finance processes at exertis. This includes the account determination required to represent the financial postings sourced in other areas of SAP e.g. from Materials Management and Sales and Distribution.

The basis for this project will be the standard SAP system currently being operated by exertis. It is assumed that any process which is not explicitly covered by this document will follow the standard process.

SAP will be the single system for Finance at exertis.

# Finance Organisation Structure

The Finance Organisation structure itself is described in the Enterprise Structure document PM\_D\_D12\_Enterprise\_Structure\_v1.0\_20141129.

All relevant master data and configuration described in the following sections of this document will be at the Company Code level.

## Company Code Settings (FIN-00.03)

The following describes the main settings in the company code:

* Chart of Accounts

Exertis will have an operative Chart of Accounts. This will contain a list of G/L accounts and control details that will be valid across the Exertis SAP system. The operating Chart of Accounts will be shared by Financial Accounting and Controlling. The length of the GL code will be set as 6 digits.

* Fiscal Year Variant

The fiscal year runs from 1st April to 31st March It will contain 12 periods plus 4 additional periods provided to record year-end adjustments. The calendar will work on 4/4/5 week calendar repeat. This will be year specific and will need defining for each fiscal year required.

* VAT Registration numbers – GB 864 4387 91

The company VAT number will be needed for reporting purposes and making VAT return calculations. It is also needed to be shown on system outputs such as statements, Invoices & Credit Notes. It should be noted that exertis is also VAT registered in the Netherlands (NL823933969B01), therefore legal entity GB01 will have a foreign VAT registration setting.

VAT registration numbers can be changed if necessary in the company code global data settings

* Field Status Variant

The Field Status Variant will control the fields/document line items and the document screen layout of Accounts. Individual fields can be set to suppressed, display, required or as an optional entry when processing transactions.

* Posting Period Variant

Posting Period Variant will be used to manage opening and closing of Financial posting periods in SAP, document posting will only be allowed within the open periods. Exertis will have one posting period variant for the whole company.

* Intrastat ID Number –Intrastat ID numbers will be maintained in SAP. They are needed to file reports for cross country orders. The Economic Operator Registration and Identification scheme ( EORI ) - GB864438791000
* Deferment (Deferment numbers enable UK Customs (HMRC) to charge duty and taxes on account) - C-8720453

Currently the intrastat report is filed using the VAT registration number.

# Finance Master Data

The key data objects used within the Finance process are listed below. Note though that a separate Blueprint document has been created to provide a detailed view of the Master Data solution. The list below is provided therefore only to help identify the key master data objects within the Finance work stream. Note that other master data with financial views e.g. Vendor and Customer masters are included in the relevant Blueprint documents (the Purchase to Pay and Order to Cash blueprints respectively).

## General Ledger Accounts (FIN-01.01)

### Chart of Accounts - General

For each G/L account, the Chart of Accounts contains the account number, account name, and the information that controls how an account functions and how a G/L account is created in a Company Code.

If the individual Company Codes need different Charts of Accounts, it is possible to assign up to two Charts of Accounts in addition to the operating Chart of Accounts. This could be the case if Company Codes lie in multiple countries.

Charts of Accounts can have three different functions in the system:

* **Operating Chart of Accounts**

The operating Chart of Accounts contains the G/L accounts that are used for posting in the Company Code during daily activities. Financial Accounting and Controlling both use this Chart of Accounts.

An operating Chart of Accounts has to be assigned to a Company Code.

* **Group Chart of Accounts**

The group Chart of Accounts contains the G/L accounts that are used by the entire corporate group. This allows the company to provide reports for the entire corporate group.

The assigning of a corporate group Chart of Accounts to a Company Code is optional.

* **Country-specific Chart of Accounts**

The country-specific Chart of Accounts contains the G/L accounts needed to meet the country's legal requirements. This allows the provision of statements for the country's legal requirements.

The assigning of a country-specific Chart of Accounts to a Company Code is optional.

#### Proposal

Company Code GB01 (exertis UK) will be assigned to the operating Chart of Accounts OCOA. Any additional Company Codes will be assigned to the same operating Chart of Accounts.

There is no requirement for exertis to have a Group- or any country-specific Charts of Accounts. These can be created at a later date should the need arise, for example as a result of acquisitions.

The current version of the exertis chart of accounts can be seen on Sharepoint:

#### Numbering

GL accounts will be created within the following number ranges so that the numbers of accounts belonging to the same functional area begin with the same digits. When creating a G/L account, the system checks whether the number entered lies within the pre-defined number interval.

|  |  |  |
| --- | --- | --- |
| **GL Account Name** | **From Account** | **To Account** |
| Sales | 100000 | 199999 |
| COGS | 200000 | 299999 |
| Overheads | 300000 | 399999 |
| Finance Department Cost | 300000 | 399999 |
| Interest costs | 400000 | 499999 |
| Fixed Assets | 500000 | 599999 |
| Stock & Debtors | 600000 | 699999 |
| Creditors | 700000 | 799999 |
| Intercompany | 800000 | 899999 |
| Capital & Reserves | 900000 | 999999 |

An initial chart of accounts has been defined as above. However, it has been recognised that this is an iterative process and likely to change.

Additional settings for the control of postings will be copied from the SAP standard. This can be amended for any additional or specific control at any time before or after realisation.

#### Sales

As a minimum, the following GL Accounts will be created covering Sales:

* Domestic Sales
* Export Sales
* Intercompany Sales

This is based on the assumption that further analysis of sales will be provided by the Controlling module within SAP. Further analysis will include reporting by Channel, Customer Group, Customer, Sales Team, Product, Pillars, Business Unit, Buying Group and Manufacturing.

#### COGS

This will also include accounts such as customer rebates, inward freight & compliance charges. The following accounts will be created:

* Vistex adjustments – PPV release in line with the margin solution as described in the controlling blueprint
* Credit Notes [Result of insurance claims (AR only credit note)]
* GRIR write-offs
* Stock provisions Account
* Consignment COGS / AP Self Billing
* Customer prompt payment discounts account
* Inward freight charges
* Currency (realised gains and losses accounts)
* Supplier rebates
* Finance releases - manual
* Third party logistics

#### Overheads

The following GL accounts for Overheads will be created as per initial analysis. This will also include GL accounts for personnel related and establishment costs:

* Gross salary (including pension)
* Sales commission Account
* Bonus
* Tax
* Personnel Related Costs
* Salary cross charge
* Other payroll costs
* Salary Sacrifice
* Agency temps
* Private medical
* Payroll prep cost
* Training
* Recruitment
* Motor costs
* Travel
* Staff welfare
* Establishment Costs
* Rent
* Rates
* Utilities
* Cleaning costs
* Repairs & maintenance
* Telephone
* Postage
* Printing
* Capex
* Depreciation
* Insurance
* Finance Cost
  + Bad Debts
  + Credit Insurance
  + Bank Charges
  + Legal Expenses
  + Audit Fees
  + Exchange Gains
  + Other Finance
  + Consultancy Fees
  + Credit Card Charges
  + Group Charges
* Distribution Cost
  + Packaging
  + Goods Return Costs
  + Shunting Costs

Other Dist Costs

* Marketing Cost
  + Advertising
  + Catalogue cost
  + Promotion cost
* Interest Cost
  + Interest Payable
  + Interest Receivable
  + Goodwill
  + Pool Interest
  + Factoring Charges
  + Management Charges
  + Taxation
  + Dividends

#### Fixed Assets

The following GL Accounts will be created Fixed Assets:

* Land and building capital cost
* Fixtures and fittings capital cost
* Motor vehicles capital cost
* Office and machinery equipment capital cost
* Computers capital cost
* Land and building accumulated depreciation
* Fixtures and fitting accumulated depreciation
* Motor vehicles accumulated depreciation
* Office and machinery accumulated depreciation
* Computers accumulated depreciation

This is not an exhaustive list and will be continually updated during realisation

#### Stock & Debtors

The following GL Accounts will be created to cover Stock & Debtors related items:

* Stock
* Purchase Price Variance (on goods receipt)
* Stock revaluation accounts
* Stock provision
* Debtors
* Bad & Doubtful debt
* Cash adjustment
* Customer price protection
* Customer rebate accruals
* Sundry debtors
* Salaries
* Staff purchases
* Petty cash

This is not an exhaustive list and will be continually updated during realisation

#### Creditors

The following GL Accounts will be created to cover Creditor related items.

* Creditors
* Carrier credits
* Creditors trade provision
* Price differences
* Accruals
* Consignment accrual
* Gains and Losses
* Debit note control accounts
* Distribution fee
* Travel expense control account
* Conversion accruals
* VAT input
* TAX and social charges
* VAT output tax

This is not an exhaustive list and will be continually updated during realisation

#### Intercompany

The following GL Accounts will be created to cover Intercompany related items:

* DCC holdings loan interest
* DCC provision
* Interco balance

Specific intercompany balances will be held against intercompany customers and vendors.

#### Capital & Reserves

The following GL Accounts will be created to cover Capital & Reserves related items:

* Share capital
* Share premium
* Reserves
* P&L
* Shareholders funds

### Chart of Accounts – For Bank & Cash

The structure of the GL Accounts for Bank Statement processing will be based on a cleared and uncleared concept. The account numbers will be created in the 6 series range within the Chart of Accounts. By way of illustration, the following depicts how the GL accounts will be appear.

* GL Accounts – each bank account will have a GL account assigned. The GL account will be unique for the Company Code but can be used for different bank accounts in another entity under the same Bank Key.
* Main- and Sub-Account concept – the main account will represent cleared funds (i.e. the balance on the bank statement and the sub-account will represent the offset entries in some instances.
* Account Determination – sub-account GL accounts will be maintained in the Account Determination where e.g. an automatic payment program will be used.

By way of illustration, the numbering convention will follow the operational Chart of Accounts as below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Type** | **Bank Key** | **Currency / Type** | **Currency/Bank account** |
| Main | Bank main account Natwest (41168747) | GBP - Cleared | 61XXX0 |
| Sub | Bank - outgoing - 41168747 | GBP - Clearing | 61XXX1 |
| Sub | Bank - incoming payments - 41168747 | GBP - Clearing | 61XXX2 |
| Sub | Bank Charges - 41168747 | GBP – P/L Charge | 479XXX |

The main account will represent the values reconciled at the time of bank statement processing and therefore does not require open item management.

The accounts used for the payments and receipts on a daily basis will be managed with open items and offset at the time of bank statement processing if and when the references and transactions sent across by the bank match the postings processed in the SAP system. The GL accounts should have line item management set up.

## Bank Master (Directory)

This set of data incorporates the structure of the bank with critical fields such as Bank Key/Bank Number and SWIFT, and generic data such as address and branch.

The definition of the Bank Key (where the bank data from the respective country is stored) and bank number (the unique identification key for a bank branch) is connected to the country settings set up in SAP and follows a particular logic and SAP standards. This data is derived from the bank information related to the house banks (exertis bank accounts) as well as bank details set up in the Vendor or Customer master data, and (for example) is required to perform domestic or international transfers.

The initial creation of the bank directory is based on a file load which exertis will need to purchase. Ongoing maintenance will be by standard manual create and change transactions.

## House Banks

House banks represent the bank branches with whom exertis maintains a bank account. House Bank will be created per Entity and Bank key (Sort Code). This will be the Nat West.

House banks will be created for those bank accounts with a high volume of transactions and therefore subject to bank statement processing. It is recommended where exertis have bank accounts with minimal e.g. one monthly or annual transactions that these are maintained as cleared GL accounts only.

Bank account – the bank account will be created under each House bank with the currency in the ID.

House bank will be linked to the bank master (Bank Key) and main bank GL account described earlier.

Banks accounts are defined in the system under a house bank key and a bank ID (unique key).

The address for the exertis House Banks is:

EXERTIS (UK) LTD

NATIONAL WESTMINSTER BANK PLC

BRADFORD CITY CENTRE BRANCH

7 HUSTLERGATE

BRADFORD

BD1 1PP

The main exertis bank accounts are as follows:

SORT CODE: 56-00-36

STERLING ACCOUNT NO: 41168747 IBAN (STERLING): GB20NWBK56003641168747

SORT CODE: 60-72-08

EURO ACCOUNT NO: 08048622 IBAN (EUROS): GB66NWBK60720808048622

SORT CODE: 60-73-01

DOLLAR ACCOUNT NO: 06028179 IBAN (DOLLARS): GB21NWBK60730106028179

SWIFT NO: NWBK GB 2L

The naming convention proposed for the creation of the house banks and bank account ids are as follows:

**House bank**: 3 digit bank abbreviation plus a sequence number i.e. NAT01 (maximum 5 characters). From above, exertis will have three house banks e.g. NAT01 – GBP, NAT10– Euro, NAT20 – U.S. Dollar.

**Account ID:** unique ID for the bank account (maximum 5 characters). The current proposal is:

NW001 – GBP account

NW101 – EURO account

NW201 – DOLLAR account

## Finance Master Data Catalogue

| No. | Process | Description of Object | Summary of SAP Design | Solution | Comments |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **5.1** | General Ledger Accounts | Financial accounting object for posting of specific balances or types of cost or revenue within a legal entity. It does not identify ownership or responsibility. | Series of 6 digit account numbers structured into general account groups | Configuration:  General ledger accounts will be created to satisfy exertis legal reporting requirements  WRICEF:  N/A |  |
| **5.2** | Bank Master | List of valid bank accounts by country | As per the upload file – detailed in section ***5.2 Bank Master*** above. | Configuration:  Standard SAP country settings exist which validate bank account details such as account number length. No changes to standard settings required.  WRICEF:  N/A |  |
| **5.3** | House Banks | House banks represent the financial institution who exertis bank with. | 5 character naming convention to be adopted which will include an acronym to represent the bank. | Configuration:  House Bank will be NAT01.  WRICEF:  N/A |  |

Any process-specific detail is described within the sections below.



| Process Flow Summary – Step No. | Description of Process | Solution Summary |
| --- | --- | --- |
|  |  |  |
| **FIN-01.01 – step 1** | Requirement identified for new master data | Manual step – no system consideration |
| **FIN-01.01 – step 2** | Request for new GL account | Manual step – no system consideration |
| **FIN-01.01 – step 3** | Approve or reject request. If rejected, message the request originator accordingly. If approved, message is forwarded to master data team. | Manual step – no system consideration |
| **FIN-01.01 – step 4** | Master date team create GL master record.  exertis user will create the Master data and determine the account's function. The G/L account master records will control the posting of accounting transactions to G/L accounts. | Configuration:  The Account Groups (number ranges) detailed above will contain settings which dictate whether a field is mandatory, suppressed or optional. These settings will be finalised during Realisation.  WRICEF:  N/A |
| **FIN-01.01 – step 5** | Create Cost Element if required.  User will create the cost element if the GL account is a P&L-related account to ensure representation of values in the Controlling module. | Configuration:  This is included in the Revenue and Cost Controlling Business Processes (FIN-06) Blueprint document  WRICEF:  N/A |
| **FIN-01.01 – step 6** | IT update any related configuration.  The exertis IT department will carry out necessary configuration and account determination as well as account group selection. After this is complete the account will become ready for entries by users. | Configuration:  Refer to section 7.5  WRICEF:  N/A |
| **FIN-01.01 – step 7** | Message request originator accordingly.  Confirm whether or not the account has been created. The notification will be sent to the originator accordingly before the process is fully complete. | Manual step – no system consideration |

# Finance Process Overview

## General Ledger Processing (FIN-02.01)



| Process Flow Summary – Step No. | Description of Process | Solution Summary |
| --- | --- | --- |
|  |  |  |
| **FIN-02.01 – step 1** | Mass upload of journals  This will be used when the number of lines in the journal will exceed that accepted for manual process.  Only appropriate individuals with the relevant authorisation will have access to this functionality.  IT.SOLUTIONS provides the mass upload functionality. Within here, there is the opportunity to create the journal initially as a “parked” document with a workflow being triggered for approval at which time it becomes a posted GL journal. IT.TRADE could be used, dependant on data volumes. | Configuration:  TBC in Realisation  WRICEF:  N/A |
| **FIN-02.01 – step 2** | Manual posting of journals.  This step will be used to post manual journals, It will also be used by Exertis users to make cross-country code journal. | Configuration:  Refer to section 7.3  WRICEF:  N/A |
| **FIN-02.01 – step 3** | Set up recurring entry  In this step users will set up recurring entries such as rent. The parameters for repetitive postings are set at month end. NB this does not post to the ledgers. | Configuration:  Refer to section 7.3  WRICEF:  N/A |
| **FIN-02.01 – step 4** | Set up accrual journals for posting at month end. NB this does not post to the ledgers. | Configuration:  Refer to section 7.3  WRICEF:  N/A |
| **FIN-02.01 – step 5** | Manual and automatic clearing  Open item managed GL accounts will be first cleared through the automatic clearing process. The uncleared line items will then be analysed and cleared manually. | Configuration:  Refer to section 7.3  WRICEF:  N/A |
| **FIN-02.01 – step 6** | Reset & Reverse Items  For items which have been incorrectly cleared, the ‘reset and reverse‘ function will be used for corrections. | Configuration:  Refer to section 7.3  WRICEF:  N/A |
| **FIN-02.01 – step 7** | GL Account Balances  Open line GL account enquiries will be carried out along with reporting of line items or balances. | Configuration: - N/A  WRICEF:  N/A |

Note that payroll costs will be processed by taking an extract from the payroll system (Resource Link). During Realisation the contents of the file received will need to be reviewed to determine transformation details which will need to be carried out to facilitate the correct assignments on the posting into Finance and Controlling. It is assumed that this transformation will be carried out in Excel and the journal upload template populated.

A direct interface between Resource Link and SAP will be considered during realisation to further enhance this process and has been noted as an enhancement on the WRICEF tracker (EN558).

### Document Splitting

Document splitting functionality will allow fully balanced balance sheets at a level lower than company code.

Although there is currently no requirement to have this functionality, this has not been ruled out as a potential future requirement so it will be activated with basic configuration to allow account postings.

## Bank Statement Process Overview (FIN-07.01)

The following initial bank transactions will be covered for exertis:

Outgoing payments

* Outgoing BACS
* Outgoing CHAPS/SO
* Bank Interest Charges
* Outgoing Direct Debits
* Outgoing Foreign Currency transfers
* Outgoing Cheques

Incoming receipts

* Incoming BACS/SO/Chaps
* Incoming Direct Debit
* Incoming Credit Card Payments
* Incoming Receipts Other
* Incoming Cash Receipts
* Incoming Cheque Receipts
* Bank Interest Income

Note that a full analysis of the bank statement files will be carried out during Realisation to finalise the list of bank transactions.

**Outgoing BACS / Foreign Currency Payments / Direct Debits**

The result of the payment program will produce the following accounting entries:

DR Vendor Account

CR Outgoing Clearing

The bank statement process accounting entries will be:

DR Outgoing Clearing

CR Main Bank Account (Cleared Account)

Refer to the Accounts Payable (FIN-03) blueprint for details on payment processing.

**Outgoing CHAPS/SO**

There are two options for this transaction:

Option one, if the vendor account has already been cleared through a payment transaction i.e. DR Vendor Account / CR Outgoing CHAPS/SO, then the bank statement entries will be:

DR Outgoing Clearing

CR Main Bank Account (Cleared Account)

Alternatively, the bank transaction will be set up to post directly to the vendor account:

DR Vendor

CR Main Bank Account (Cleared Account)

Note that depending on the detail that is included in the bank statement, this will most likely be posted as unallocated cash on the vendor account and will be subject to post-processing on the vendor i.e. manual clearing.

**Outgoing Cheque Payments**

Non-vendor related cheque payments, such as Petty Cash cheques, will be processed via the automatic bank statement processing routine.

The bank statement transaction ID will be configured such that the accounting entries will be:

DR Outgoing Clearing Account

CR Main Bank Account (Cleared Account)

**Bank Charges**

Automatic Account Determination and Account Assignment (i.e. assignment to the relevant Cost Centre) will be configured to facilitate the following posting:

DR Bank Charges (with reference to a cost centre)

CR Main Bank Account (Cleared Account)

It is possible to post bank charges to multiple GL accounts but is reliant on being able to differentiate based on the account ID or the banks transaction code.

**Incoming BACS/CHAP/SO/Foreign Payments**

The general policy for incoming receipts is to only post to the customer account when the amount appears on the bank statement.

The posting will be set up as follows:

DR Main Bank Account (Cleared Account)

CR Customer Account

For transactions that cannot post directly to a customer account (e.g. missing detail from bank statement entry) these will appear as “errors” in the post bank statement process. Further off system investigation should identify the correct customer against which to post this entry.

**Incoming Direct Debit**

As a result of the payment program, the following accounting entries will have taken place:

DR Incoming Direct Debit (Clearing account)

CR Customer Account

Note that the relevant open items are cleared through this process.

The bank statement will then make the following account postings:

DR Main Bank Account (Cleared Account)

CR Incoming Direct Debit (Clearing Account)

The bank transaction ID will be configured such that direct debits are automatically posted to the “Incoming Direct Debit” account and not the customer account – hence preventing double postings.

**Incoming Cheque Receipts**

When in receipt of incoming cheque payment exertis will use cheque deposit functionality. This will post directly to the customer account with the offset entry to a bank incoming clearing account.

DR Incoming Clearing Account

CR Customer Account

Bank statement processing will then:

CR Incoming Clearing Account

DR Main Bank Account (Cleared)

**Incoming Credit Card Payments**

For credit cards, there will be a posting to a credit card control account (incoming credit card payments) which will have effectively credited the customer and debited this account. The bank statement entry which will represent the amount of money received from the merchant (e.g. Amex, Visa, Mastercard, VISA Debit) so the following will be posted by the bank statement:

DR Main Bank Account (Cleared Account)

CR Incoming Credit Card Payments

**Incoming Receipts Other**

If miscellaneous income (non-invoiced) is paid directly into the bank, it is recommended that these miscellaneous receipts are posting directly to a bank clearing account and not to any sub-ledgers.

DR Main Bank Account (Cleared Account)

CR Incoming Receipts Other

Investigation will then be required to identify what these receipts are and then postings will be made to clear this account and post to the relevant customer (or write off to the P&L).

**Bank Interest Income**

Automatic Account Determination and Account Assignment (i.e. Cost Centre) will be configured to facilitate the following posting:

DR Main Bank Account (Cleared Account)

CR Bank Interest (with reference to a Cost Centre)

It is possible to post bank interest income to multiple GL accounts but is reliant on being able to differentiate based on the account ID or the banks transaction code.

## Bank Statement Processing (FIN-07.01)

The following process flow details the steps required to process a bank statement either manually or electronically.



The following details the steps in the process flow.

| Process Flow Summary – Step No. | Description of Process | Solution Summary |
| --- | --- | --- |
|  |  |  |
| **FIN-07.01 – step 1** | Manual bank statement entry.  When the bank statements are not received electronically, they will be entered manually into the system. Each bank statement will be given a unique number. | Configuration:  Refer to section 7.8 for configuration details.  WRICEF:  N/A |
| **FIN-07.01 – step 2** | For statements received electronically, exertis will use this process to upload them into the system. Nat West format is BAI. The system will try to automatically assign payments to the open items to clear them accordingly. The items which do not clear on matching will remain as open items in the relevant account and will be cleared manually as a post process activity. | Configuration:  Refer to section 7.8 for configuration details.  WRICEF:  N/A |
| **FIN-07.01 – step 3** | The post process transaction will allow the user to correct postings which failed during bank statement load. End user to investigate. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-07.01 – step 4** | GL and Sub-ledger accounts updated by the posted transactions. | Configuration:  Refer to section 7.8 for configuration details.  WRICEF:  N/A |
| **FIN-07.01 – step 5** | As part of the general maintenance of open item managed accounts, the bank clearing accounts will be cleared either manually or automatically. | Configuration:  Refer to section 7.8 for configuration details.  WRICEF:  N/A |

## Petty Cash

Petty Cash will be managed off system via excel spreadsheets.

GL accounts will be created in the ‘6’ series accounts to represent Petty Cash. The balance on this account will represent the cash holding.

Note that manual journals will be used to account for petty cash, debiting or crediting the petty cash GL account with the offset entry going to another GL account (Balance Sheet or P&L) or to a Sub-ledger account i.e. Customer or Vendor. Note that postings to the P&L will be made with reference to a cost object i.e. a Cost Centre.

## Period End Processing (FIN-08.01)

The following describes the steps that will be carried out as part of month end processing.



| Process Flow Summary – Step No. | Description of Process | Solution Summary |
| --- | --- | --- |
|  |  |  |
| **FIN-08.01 – step 1** | Open the new Materials Management (MM) period.  Opening the new period in MM will allow postings and changes to be made in the given specific time period, once the new period is open authorised users can post documents in the new period. The materials period is moved each month and if not completed users will not be able to post material based documents e.g purchase orders, goods receipts even though the financial and controlling periods are open. The period opening process will be a monthly scheduled job and also closes the prior period | Configuration:  N/A  WRICEF:  N/A |
| **FIN-08.01 – step 2** | Open new accounting period.  Period opening and closing is carried out in Finance as well as in MM. It should be noted that this is a manual transaction which is carried out and managed by the Finance Department, however it is possible to schedule this process to run automatically Opening the period allows documents such as invoice and credit notes to be posted in the new period. The Finance periods can be managed by subledger:  A – Assets, D – Customers, K – Vendors, M – Materials, S – G/L Accounts  It is not necessary to follow a specific sequence when opening / closing however logic dictates that Customer (D), Vendors (K) and Materials (M) are closed / opened first then Assets (A) and General Ledger (S) at a later date. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-08.01 – step 3** | Maintain Exchange Rates.  To calculate values such as invoice amounts and transaction costs in different currencies, exertis must maintain appropriate exchange rates. The system always uses the most up-to-date exchange rate when carrying out currency conversions subject to any fixed rates that may be prevalent in other areas e.g. on Purchase Orders. Various currencies used by exertis, will be maintained manually using this transaction on a weekly basis.  Exchange rates are maintained using a “valid from“ date. | Configuration:  Refer to section 7.10 for configuration details.  WRICEF:  N/A |
| **FIN-08.01 – step 4** | Product cost roll up.  Product cost roll up will be used to update standard costs on Material Master records and will be executed on a monthly basis. This area is documented in the Revenue and Cost Controlling Business Processes (FIN-06) Blueprint document. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-08.01 – step 5** | Provisions & general account posting.  Provisions and GL postings will be made using manual and mass load journals, selecting the appropriate account assignments e.g. Profit Centres, Cost Centres will ensure that these transactions are available in the relevant areas for reporting. | Configuration:  Refer to section 7.10 for configuration details.  WRICEF:  N/A |
| **FIN-08.01 – step 6** | Accruals & Deferrals postings.  This is the processing of accruals. Note that the accruals will have been set up with all the appropriate posting details i.e. GL account, account assignments, amounts as part of the regular system and process maintenance. The accrual posting transactions at month end will be given a unique Document Type so that the postings are easily identifiable in the ledger. They will be automatically reversed in the following period. | Configuration:  Refer to section 7.10 for configuration details.    WRICEF:  N/A |
| **FIN-08.01 – step 7** | Post recurring entries.  This transaction will be used each month to select all the valid recurring journals that have not been posted, and collects them into a batch session, where they are processed automatically. Prepayments use the recurring entry function where the original posting to a prepayment account is released periodically to the P&L. Within the header details of a journal the field reference text will be used to record the reason for the recurring journal. | Configuration:  Refer to section 7.10 for configuration details.    WRICEF:  N/A |
| **FIN-08.01 – step 8** | GL Account clearing  Some GL accounts will be created with open item management e.g. those accounts used for Bank Clearing. This will enable the open debit and credit item entries on the account to be matched off against each other. It is necessary to clear outstanding line items in GL accounts at the end of each month so that all items have been correctly identified.  During clearing, the system enters a clearing document number and the clearing date in these items. In this way items in a GL account are indicated as cleared. This can be done manually or automatically. For automatic clearing, there are numerous criteria which the items can be cleared on e.g. amounts, assignment field, reference field. | Configuration:  Refer to section 7.10 for configuration details.    WRICEF:  N/A |
| **FIN-08.01 – step 9** | Vendor account clearing  In this clearing procedure, open items are selected that balance to zero from an account. The system then marks these items as cleared. It enters a clearing document number and the clearing date in the document items. The clearing date can be the current date or a date that is entered manually. As with GL, this can be carried out manually or automatically  Users can perform vendor clearing as and when required. However it is good practice to include this step as part of month end process. | Configuration:  Described in the Accounts Payable Blueprint ( FIN-03)  WRICEF:  N/A |
| **FIN-08.01 – step 10** | Customer account clearing  Similar to above, customer accounts also need to be maintained to ensure only the actual outstanding line items are shown in the account. This transaction will be used to clear customer accounts. As with GL, this can be carried out manually or automatically.  Users can perform customer clearing as and when required. However it is good practice to include this step as part of month end process. | Configuration:  Described in the Accounts Receivable Blueprint ( FIN-04)  WRICEF:  N/A |
| **FIN-08.01 – step 11** | Foreign currency valuation  exertis will carry out foreign currency valuation for preparing the financial statements at a key date. The revaluation will be done monthly and will result in a posting of unrealised gains and losses which will be reversed in the following period. Valuation is performed at the exchange rate on the valuation date. The gain or loss is calculated and posted to exchange rate gain/loss accounts. Unrealised gains and losses will be posted to separate accounts in the general ledger for each of the three ledger types. | Configuration:  Refer to section 7.10 for configuration details.  WRICEF:  N/A |
| **FIN-08.01 – step 12** | AUC Settlements  Settlement rule for costs is created automatically with assignment to AUC asset. exertis will perform this settlement each month. In this process costs are transferred from the P&L to the balance sheet on a periodic basis with a settlement to the final asset once all costs have been incurred and the asset is ready to be commissioned. Refer to the Asset Management Blueprint document (FIN-05) for further details. | Configuration:  Described in the Asset Accounting Blueprint( FIN-05)  WRICEF:  N/A |
| **FIN-08.01 – step 13** | Depreciation activities  exertis will carry out depreciation activities to meet accounting requirements. Once carried out depreciation expenses are shown in the P&L account with reference to a cost centre from the asset master, an offset entry to the balance sheet (accumulated depreciation). | Configuration:  Described in the Asset Accounting Blueprint( FIN-05)  WRICEF:  N/A |
| **FIN-08.01 – step 14** | Cost centre reallocation  At period-end, when all costs have been incurred, cost reallocation processes will be carried out using Distribution. This will reallocate costs on predefined criteria. Refer to the Revenue and Cost Controlling Business Processes Blueprint (FIN-06) for further details. | Configuration:  Described in the Revenue and Cost Controlling Business Processes Blueprint (FIN-06).  WRICEF:  N/A |
| **FIN-08.01 – step 15** | COPA Cost Centre Transfer  To facilitate the transfer of overhead costs from Cost Centre Accounting into COPA, Assessments will be carried out on predefined criteria. Exertis users will carry out this process after all overhead postings have been carried out. Refer to the Revenue and Cost Controlling Business Processes Blueprint (FIN-06). | Configuration:  Described in the Revenue and Cost Controlling Business Processes Blueprint (FIN-06).  WRICEF:  N/A |
| **FIN-08.01 – step 16** | Production Variances.  Even though this is not a requirement for exertis (as exertis is not a company running full SAP production processes), it is necessary in order to settle production orders, which will be used to facilitate the kititng processes in the warehouse.  Any production orders that are still in W.I.P will be excluded from settlement automatically based on order status. | Configuration:  Described in the Revenue and Cost Controlling Business Processes Blueprint (FIN-06).  WRICEF:  N/A |
| **FIN-08.01 – Step 17** | Production Order Settlement.  As part of production order maintenance, production orders will need to be settled. | Configuration:  Described in the Revenue and Cost Controlling Business Processes Blueprint (FIN-06).  WRICEF:  N/A |
| **FIN-08.01 – step 18** | Close the Cost Controlling (CO) period.  Once all the CO-related activities have been carried out, the CO period will be closed so that users don’t post new items in the old period. This is necessary to ensure accuracy in accounting.  Authorised users will have the ability to re-open closed periods. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-08.01 – step 19** | Intrastat declarations.  The Intrastat report is a statistical report that includes details of all cross-border flows of goods between EU countries. exertis will create an Intrastat declaration on a monthly bassis as they are required to make declarations of receipts and dispatches for goods traded with other EU countries. | Configuration:  Refer to section 7.4 for configuration details.  WRICEF:  N/A |
| **FIN-08.01 – step 20** | EC Sales List.  Exertis will submit the EC Sales List report as required by HMRC. This list will contain information on all tax-free goods deliveries and goods movements to registered companies within the European Union in the specified time period. | Configuration:  Refer to section 7.4 for configuration details.    WRICEF:  N/A |
| **FIN-08.01 - step 21** | Process VAT return.  This report creates the advance return for tax on sales and/or purchases, and also creates a batch input session for automatic transfer posting of any tax payable. This will allow the users to display the return at item level for each tax type (output and input tax). Exertis users will be able to control the selection of documents relevant to the VAT return reporting by selecting the posting date, posting period and document date. | Configuration:  Refer to section 7.4 for configuration details.    WRICEF:  N/A |
| **FIN-08.01 - step 22** | Fixed asset reconciliation.  This program checks the depreciation postings applied to the fixed asset system reconciled with the updates to the general ledger. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-08.01 - step 23** | Close the period in FI & MM  After completing all the month end activities, periods in AR, AP, Asset Management and GL accounts will be closed.  It is also necessary to close the period in Materials Management as a part of the period end process. It controls the open period available for users to post items to. MM closing means that users cannot post materials document to the closed period.  Authorised users will have the ability to re-open closed periods. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-08.01 – step 24** | Reporting (e.g. trial balance)  A variety of reports can be executed after finishing month end activities for internal and external purpose. See section 7.2 for a list of the reports which are typically utilised in the month end pocessing. | Configuration:  N/A  WRICEF:  N/A |

Note: Closing Cockpit standard functionality will be implemented for exertis. The extent to which this will be used will be addressed as part of period end process and responsibilities within the accounts department.

## Year End Processing (FIN-09.01)

The following describes the steps that will be carried out as part of year end processing.



| Process Flow Summary – Step No. | Description of Process | Solution Summary |
| --- | --- | --- |
|  |  |  |
| **FIN-09.01 – step 1** | Completion of the period end activities  All the month end activities (reference FIN-08) must be complete before initiating the year end process. | Manual step – no system consideration |
| **FIN-09.01 – step 2** | Open new year and posting period in FI  A new posting period for accounting in FI will be opened. Opening the period allows documents such as invoice and credit notes to be posted in the new period. The finance periods can be managed by sub-ledger:  A – Assets ,D – Customers , K – Vendors, M – Materials, S – G/L Accounts  Note that for Year End processing, the four special periods (13 to 16), which are provided as standard by SAP, will be available for Year End adjustments. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-09.01 – step 3** | Fiscal year change for Asset Management  A fiscal year change is the opening of a new fiscal year for a Company Code in Asset Management. At the fiscal year change, the asset values from the previous fiscal year are carried forward cumulatively into the new fiscal year. After the fiscal year change the user can post to assets using value dates in the new fiscal year. At the same time, users can also continue to post in the previous fiscal year. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-09.01 – step 4** | Provisions and general account posting  Provisions and GL postings will be made using manual and mass load journal entries. Selecting the appropriate account assignments e.g. Profit Centres, Cost Centres, will ensure that these transactions are available in the relevant areas for reporting. | Configuration:  Refer to section 7.3 for configuration details.    WRICEF:  N/A |
| **FIN-09.01 – step 5** | AR & AP balance carry forward  In this process the exertis finance department will carry forward account balances into the new fiscal year. The balance to be carried forward is shown in the account balance display. Postings to the current fiscal year do not cause the balance carry forward in the new fiscal year to be updated. For this reason, the balance carry forward routine can be repeated.  Parked documents are either deleted or posted during year end processing. Exertis users will have to ensure all parked documents are actioned appropriately. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-09.01 – step 6** | AP balance confirmations  In this step balance confirmations will be created, this is required as a part of the audit process, to check the accuracy of the accounts payable to vendors. This will enable exertis to detect and correct any discrepancies which may exist between its records and those of the business partners and to make any necessary adjustments. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-09.01 – step 7** | AR balance confirmations  Similar to above, exertis will confirm balances with its customer. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-09.01 – step 8** | Fixed Asset reconciliations  This transaction allows users to produce a comparison report to tie G/L balance with the asset sub-ledger balances. exertis will use this to find any anomalies in the G/L accounts and will also help identify differences between Asset Accounting line items and the balances of the various asset reconciliation accounts. This report will be used if differences occur between the general ledger balance list and the values shown in the asset history sheet. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-09.01 – step 9** | Year End close in Asset Management  The main purpose of the year-end closing in Asset Management is to block the values from prior years from further depreciation calculation. Note that without performing this step, depreciation cannot be calculated in the new fiscal year.  The closing of Asset Accounting will be done before closing any other ledgers. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-09.01 – step 10** | Open and close the Cost Controlling (CO) period  Once all the CO-related activities have been carried out, the CO period will be closed, so that users don’t post new items into the old period. The new period will also be opened. This is necessary to ensure accuracy in accounting. | Configuration:  N/A  WRICEF:  N/A |
| **FIN-09.01 – step 11** | Close the period for AR and AP – if this step has not already been completed as part of month end process. | Standard step in manual SAP processing |
| **FIN-09.01 – step 12** | Close the period for GL  This step automatically carries forward the P/L accounts to a retained earnings account – resetting the P/L accounts to zero for the upcoming year. | Standard step in manual SAP processing |
| **FIN-09.01 – step 13** | GR/IR Analysis, Receivables and Payables reclassification  The program for GR/IR analysis analyses the GR/IR account in order to make reclassification postings which are required in order to display the following business transactions correctly in the balance sheet:   * Goods delivered, but not invoiced * Goods invoiced, but not delivered   Where open items per Purchase Order number do not balance out to zero, adjustment postings are created in a batch input session for these items. With a credit balance, the transactions are seen as "delivered, but not invoiced". With a debit balance, the transactions are seen as "invoiced, but not delivered".  All postings are reversed at the specified reverse posting date. If no date is entered, the program reverses the postings on the day after the key date.  For AR and AP reclassification, the system checks for each debtor and creditor whether the balance should be reclassified as a creditor (based on the customer having a credit balance) or as a debtor (based on the vendor having a debit balance).  These receivables and payables are then reclassified on separate G/L accounts. | Configuration:  Refer to section 7.11 for configuration details.    WRICEF:  N/A |
| **FIN-09.01- Step 14** | Asset history, balance sheet reports  The asset history sheet displays all changes to the exertis asset portfolio in a fiscal year.  exertis will use the reporting function to produce standard balance sheet and financial statements. The SAP reports will also be used to see P&L reports. Financial statement versions are also used in the structured balance list, drilldown reporting. | Configuration:  N/A  WRICEF:  N/A |

# Finance Solutions

This section provides a full and detailed assessment of the requirements which have been identified within the Finance workstream for general ledger processing. For each item the process is outlined, within its business context, and the recommended solution is also stated. Where the solution is not yet known, the item is flagged as a gap in the solution and each of the gap items are summarised in a table supplied at the end of the Blueprint.

## Finance Organisation Structure Solution

| No. | Process | | Description of Organisational Object | Summary of SAP Design | Solution | Comments |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | |  |  |  |  |
| **4.1** | Company Code | This represents the exertis single UK legal entity. | | Only one legal entity will be created in SAP as part of this project. | Configuration:  Company Code GB01 will be created with the following main settings:  Chart of Accounts – OCOA  Fiscal Year Variant – 4/4/5 custom variant required  Field Status Variant – create Z001  Posting Period Variant - create Z001  VAT Registration Numbers – GB 864 4387 91  Intrastat ID Number – exertis use the above VAT registration number in Intrastat submissionsexertis use the above VAT registration number in Intrastat submissions  WRICEF:  N/A |  |

Any additional necessary design information which is process- or data-specific is described in the sections below.

## Finance Master Data Solution Summary

| No. | Data Object | | Description of Data Object | Summary of SAP Design | Solution | Comments |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | |  |  |  |  |
| **5.1** | General Ledger Accounts | Financial accounting object for posting of specific balances or types of cost or revenue within a legal entity. It does not identify ownership or responsibility. | | Series of 6 digit account numbers structured into general account groups | Configuration:  General ledger accounts will be created to satisfy exertis legal reporting requirements. Standard SAP solutions will be used to enable these.  WRICEF:  N/A |  |
|  |  |  | |  |  |  |

Any process-specific detail is described within the sections below

## General Ledger Processing

### Ledgers

Exertis will be using SAP New General Ledger comprising a leading ledger OL and a secondary non-leading ledger. The leading ledger provides for the reporting requirements of the UK legal entity in currency GBP. The non-leading ledger enables local accounting treatment of future additional legal entities in the Group in order to differentiate them from that of the whole Company e.g. local GAAP. The book depreciation in asset accounting will be assigned to the leading ledger but if local requirements of the country require different depreciation rules then these are satisfied using the non-leading ledger. Also different reporting periods and year end dates can be accommodated by using the non-leading ledger principle. Setting up both leading and non-leading ledgers initially enables simpler integration of new legal entities into the Group.

An additional field will be added to the coding block to allow the assignment of the vendor attribute for development fund postings including those sourced from Vistex.

### Journal

The standard range of journal document types will be available to exertis. Manual adjustments will be processed using standard journal functionality. Alternatively journals can be uploaded using Excel spreadsheet templates where necessary (e.g. when there are large volumes).

The document type allows the user to identify both the type of transaction posted and if further processing is required. Additional document types will be created during the Realisation phase where they are deemed necessary.

The following is a list of standard SAP document types available for use by exertis. The list includes document types used for manual processing in addition to those used for automatic postings. During Realisation if additional document types are identified they will be added to this table. Additional document types include data migration and reversing journals.

| **Document type** | **Description** |
| --- | --- |
| AA  AB  AF  AN  AP  CH  DA  DG  DR  DV  DZ  EU  EX  KA  KG  KN  KP  KR  KZ  ML  PR  RA  RB  RE  RK  RN  RV  SA  SB  SK  SU  UE  WA  WE  WI  WL  WN  Y1  ZP  ZR  ZS  ZV | Asset Posting  Accounting Document  Depreciation Postings  Net Asset Posting  Periodic asset post  Contract Settlement  Customer document  Customer credit memo  Customer invoice  Customer interests  Customer Payment  Euro Rounding Diff.  External Number  Vendor Document  Vendor Credit Memo  Net vendors  Account maintenance  Vendor Invoice  Vendor payment  ML Settlement  Price Change  Sub.Cred.Memo Stlmt  Reserve for Bad Debt  Invoice - Gross  Invoice Reduction  Invoice - Net  Billing doc.transfer  G/L Account Document  G/L Account Posting  Cash Document  Adjustment document  Data Transfer  Goods Issue  Goods Receipt  Inventory Document  Goods Issue/Delivery  Net Goods Receipt  Invoice - Gross  Payment Posting  Bank reconciliation  Payment by Check  Payment Clearing |

Finance document number ranges will be set as per the SAP standard with each document type linked to a specific document number range. Internal numbering will be used which enables the system to generate the next document number in the sequence automatically, thus simplifying processing. Number ranges will be set to allow the number sequence to continue from year to year with no repeating of document numbers year on year.

Example:

Doc type AB

Assigned to doc number range 01

Number range from 0100000000

Number range to 0199999999

### Clearing

Where a balance sheet account is subject to matching the GL account will have open item management flagged to allow the clearing process to take place. Typical examples of open item accounts are bank clearing accounts, salary clearing accounts and goods receipt/invoice receipt accounts.

| **No.** | **Process** | **Description of the Object** | **Summary of SAP design** | **Solution** | **Comments** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| 7.1.1 | Ledgers | The leading ledger is based on the same accounting principle as that of the consolidated financial statements.  The non-leading ledgers are parallel ledgers to the leading ledger. They can be based on a local accounting principle, for example. It is necessary to activate a non-leading ledger for the individual company codes. | The leading ledger (for legal reporting) and non-leading ledger (for future Group expansion and local legal reporting) will be set up. | Configuration:  Standard field status groups will be assigned to the GL accounts.  The following settings will be set for the leading ledger.  Currency - GBP  Company Code – GB01  Fiscal Variant – K4  Assign Accounting Principle- IAS  Note that company code GB01 will not be assigned to the non-leading ledger however this will be set up for future use.  WRICEF:  N/A |  |
| 7.1.2 | Journals | Posting of financial transactions between 2 or more general ledger accounts identified by document types and number ranges. | Standard SAP journal functionality. | Configuration:  Activate new G/L scenarios to update Profit and Cost centres which will mean that the profit and cost centre assignment will appear on the FI posting.  Standard document types for Entry view.  Standard document types for general ledger view.  Standard document number ranges will be assigned to the document types.  WRICEF:  N/A |  |
| 7.1.3 | Clearing | Matching of two or more entries in a balance sheet account. | Set open item management on required balance sheet accounts. | Configuration:  Tolerance groups and allowable differences to be determined during Realisation.  WRICEF:  N/A |  |

### Document Splitting

| **No.** | **Process** | **Description of the Object** | **Summary of SAP design** | **Solution** | **Comments** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| 1 | Finance Postings | Item category | The item category will determine whether the assigned GL account is subject to splitting over the profit centres. | Configuration:  GL accounts will assigned to an item category based on whether that account is subject to splitting.  WRICEF:  N/A |  |
| 2 | Finance Postings | Document Types | Determines how a document is classified and is held in the header of the record. | Configuration:  Standard document types will have standard Business Transactions with the appropriately signed variant.  WRICEF:  N/A |  |
| 3 | Finance Postings | Zero Balancing Account | When a document has been subject to splitting and the split results in a difference, there has to be an account where this difference must be posted to. | Configuration:  Account to be determined during Realisation.  WRICEF:  N/A |  |
| 4 | Finance Postings | Splitting Characteristics | This is the object which the posting will be split over. | Configuration:  Profit Centres will be set as the object which splitting will apply.  WRICEF:  N/A |  |
| 5 | Finance Postings | Document Split Activation | To use Document Splitting functionality, this has to be activated. It will be activated for all company codes however it is possible to deactiva e for company codes which do not require this. | Configuration:  This will be activated for the exertis UK legal entity.  WRICEF:  N/A |  |

## Statutory Reporting

### VAT

Exertis will use a standard SAP report to create the data for VAT return. This report will display the net and gross amounts, the tax amounts and tax codes for a given period. It will identify all VAT codes including RC VAT.

SAP can also facilitate the automatic transfer of input and output balances to a net payables / receivables GL account. This program can also be used to fill out the company VAT return, if required. The user will be able to display the return at item level for each tax code.

Standard report to be used to support VAT:

* Advance Report for Tax on Services & Purchases (S\_ALR\_87012357)/(RFUMSV00)

### EC Sales List

The standard SAP program (RFASLM00) will be used by exertis to produce an EC Sales List. The EC Sales List is used to report sales from a VAT-registered company to other VAT-registered companies within the EU. Running the report successfully is therefore dependent on two key system components:

* Standard sales documents created in the system where the output VAT codes used in the sales documents contain a setting which identifies the tax code as one related to EC tax codes with value a "1" or "3".
* Customer master records which contain the customer’s VAT registered number (as covered in the blueprint for customer master data).Without this detail in the customer record, the EC Sales List cannot successfully report which sales documents relate to which VAT-registered business.

The report will be created quarterly or annually but can also be issued at different intervals as required.

This list will contain information on all tax-free goods deliveries and goods movements to registered companies within the European Union in the specified time period. The report will display the invoiced value of goods in local currency for each VAT registration number of the customer.

The form provided in SAP EC Sales List report has been approved by the tax authorities and therefore no output development is required.

Standard report to be used to support EC Sales submission:

* EC Sales List Report (S\_ALR\_87012400)

### Intrastat

Exertis will use the standard SAP Intrastat report which will include all cross-border flow of goods between EU countries. Exertis will need to produce an Intrastat report for arrivals (Purchasing) and dispatches (Sales) as they carry out cross-border transfer of Goods between EU countries. The report will require elements of master data to be set up in Materials Management and Sales and Distribution. The core components which must be present in the system to ensure that the Intrastat report can run successfully are:

* Invoice data (for sales and purchases)
* Date of delivery (of the goods and/or services)
* Foreign Trade information (e.g. Commodity Code, Mode of Transport)
* VAT Registration numbers of the Customer and/or Vendors
* Details of ‘from and to’ locations of the goods

The Intrastat report is run from the Foreign Trade cockpit in the SAP system. This transaction allows trial runs of the report to test for completeness before the final version of the report is generated. The system allows for manual updates to the reported information to ensure completeness of the submission (e.g. a missing Commodity Code can be manually added to an invoice content).

The report can be run per Company Code and per Currency.

The Foreign Trade Cockpit also allows the Intrastat report to be saved locally for onwards transmission to the tax authorities.

The same cockpit can be used to generate the Extrastat report for any trade outside of the EU.

Standard report to support Intrastat submission:

* Intrastat Report (VE01)

Commodity codes will be maintained within the material settings.

### Financial Statement Version

exertis will be able to create variety of financial statements for internal and external reporting purpose. A financial statement version is a hierarchical structure to which G/L accounts are linked so forming a standardised structure in reporting. The SAP FS version allows them to produce financial statements with alternative structures according to country, accounting principles & company codes. A comparison report of statements to previous year can also be produced.

General Ledger accounts are structured in SAP for reporting purposes using Financial Statement versions. A Financial Statement version attaches individual accounts or ranges of accounts to nodes within a freely definable hierarchy. This function allows structuring of financial reports to be independent from the actual 6-digit numbering of the individual G/L accounts. Multiple Financial Statement versions provide alternative structured reporting within SAP without the requirement for re-posting journals.

Extract of the Financial Statement version structure is shown below.

* **Balance Sheet**
  + **Assets**
    - **Intangible Assets**
    - **Tangible Assets**
      * **Capital Cost**
        + *G/L Land and Buildings capital cost*
        + *G/L Fixtures and Fittings capital cost*
        + *G/L Motor Vehicles capital cost*
      * **Accumulated Depreciation**
        + *G/L Land and Buildings accumulated depreciation*
        + *G/L Fixtures and Fittings accumulated depreciation*
        + *G/L Motor Vehicles accumulated depreciation*
    - **Investments**
  + **Capital and Reserves**
* **Profit and Loss**
  + **Sales Revenue**
  + **COGS**

Standard reports to support production of Statutory P&L and Balance Sheet:

* Financial Statements Report (S\_ALR\_87012284)
* Trial Balance (S\_ALR\_87012310)

| No. | Process | Description of Object | Summary of SAP design | Solution | Comments |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| 7.4.1 | General Ledger | G/L reporting suite | Standard SAP reports | Configuration:  Note: Report variants will be created as required.  WRICEF:  N/A |  |
| 7.4.2 | VAT Report | Company Code | Standard SAP report with configurable layouts | Configuration:  VAT payable/receivable account determination. GL account numbers to be determined during the Realisation.  WRICEF:  N/A |  |
| 7.4.3 | EC Sales List | Company Code | Standard SAP report | Configuration:  Tax codes for EC sales will contain a flag identifying it to be included in the EC sales list. E.g.  1 Delivery of Goods Within the EU  2 Services Within the EU  3 Subcontracting Within the EU  WRICEF:  N/A |  |
| 7.4.4 | Intrastat | Company Code | Standard SAP report | Configuration:  Commodity Codes which will be determined during the Realisation phase.  Further Foreign Trade data defaults (document types, modes of transport, ports of entry etc.) will be created on an as required basis during Realisation.  WRICEF:  N/A |  |
| 7.4.5 | FS Version | Hierarchical structure used to sequence G/L accounts under specific group headings for structured reports. | exertis specific FSV to be created | Configuration:  FSV version to be created based on structure to be defined during Realisation. This will be defined in the BPC template but configured within the core ERP system.  WRICEF:  N/A |  |

### DCC Extract

The reporting solution for DCC is not confirmed in full as there are changes expected within the business which mean that finalising a long term solution is not appropriate at this time.

It is possible that in the longer term a BI-based solution may be more appropriate but as an interim solution for the initial project, this requirements will be fulfilled by running a trial balance which can be then extracted and passed to DCC by a manual, external to SAP process.

## Automatic Account Determination

### SD (Sales and Distribution)

Automatic Account Determination in the SD module allows documents created in the system to automatically identify and post to the correct G/L account(s) in financial accounting without manual intervention. Determination rules will be dependent upon correct master data set up in the FI and SD parts of the SAP system. The specific G/L accounts to be included in SD account determination will be determined during Realisation but the general principles are described below:

The system checks the type of GL account to be determined. These may include:

* Sales Revenue
* Rebates
* Discounts
* Accruals

The system considers a range of criteria on which to base the posting. These broadly fall in to two categories:

* Master Data (of both the Material and the Customer)
* Transaction Type (for example the type of invoice or goods movement)

Using those criteria as a basis, typically a GL account will be determined using the kind of logic described below:

1. A sales order is created.
2. The Customer Master record is checked by the system and the system finds that the customer is a foreign-based customer within the EU.
3. The Material Master record is checked by the system for the product ordered by the customer – the Material Master record indicates that the product has been assigned an account group key to ensure it is treated in a particular way (e.g. discounts related to the product are posted to a specific GL).
4. Each part of the pricing within the sales order is segregated to enable a granular view of whether the price is made up of revenue, discount, surcharges etc. and each of these pricing categories is assigned to an Account Assignment Group.
5. In the background of the system a look-up table is maintained in which the system will check for a GL account which allows posting for items which are based on ‘foreign customers in the EU’ and ‘product type x’ and ‘Account Assignment Group nnn’.
6. This combination of criteria will point to just one GL account in the configuration table so the system will automatically know which GL to post to.

Typical of the objects which can be included in the Account Determination decision (in order to identify the correct account) are the following:

* + Condition type
  + Customer account group
  + Material account group
  + Distribution channel
  + Order reason
  + Plant

### MM (Materials Management)

Account determination in the Materials Management area is created and held in table T030. This area of account determination relates to the cost of sales and inventory recording. Specific G/L accounts to be included in the determination rules will be confirmed during Realisation but will apply to the following processes.

* + Inventory
  + Stock adjustments
  + Stock revaluations and price differences
  + Purchasing adjustments
  + Purchasing exchange rate differences
  + Freight & delivery costs
  + Goods receipt / invoice receipt clearing. There is a requirement to post to different GR/IR GL accounts based on the following criteria:
    - Non-Stock. This will be based a separate valuation area for the non-stock plant.
    - Stock – excluding vendor returns
    - Stock – vendor returns only. The account will be determined based on an account modifier assigned to movement type 161 (GR Returns)

In order to select the correct G/L account a combination including account key and valuation class are used. The account key being identified by the MM process and the valuation class held on the Material Master record.

### FI (Financial Accounting)

In financial accounting automatic account determination that will be configured for exertis includes:

* Exchange rate difference postings, realised gains and losses
* Clearing differences

G/L accounts to be included will be identified during Realisation. The current requirement is that there will be a zero tolerance set.

### Default Cost Objects

Postings to P&L accounts where cost elements have been created also require a simultaneous posting to be made to the Controlling module. To avoid manual intervention during posting, the specific cost object to be used will be determined using rules set up in configuration. Typical transactions which will be subject to automatic Account Assignment include physical inventory differences, bank charges, exchange rate differences.

Default cost assignments would be defined during the realisation phase.

| **No.** | **Process** | **Description of Object** | **Summary of SAP design** | **Solution** | **Comments** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| 7.5.1 | SD Account Determination | GL account settings for transactions sourced from SD. | Assign G/L accounts to combination of SD characteristics | Configuration:  G/L accounts to be determined during Realisation  WRICEF:  N/A |  |
| 7.5.2 | MM Account Determination | GL account settings for transactions sourced from MM. | Set account determination for material movements and inventory | Configuration:  G/L accounts to be determined during Realisation  WRICEF:  N/A |  |
| 7.5.3 | FI Account Determination | GL account settings for transactions carried out in FI | Set account determination for exchange gain and losses, clearing differences. | Configuration:  Exchange rate differences for realised and unrealised accounts for   * Gain * Loss   Small differences based on Tolerance groups, differences to be defined in Realisation  Clearing criteria to be determined during Realisation.  WRICEF:  N/A |  |
| 7.5.4 | Default cost objects | Automatic assignment of profit and cost centres. | Set up default cost objects for P&L accounts. | Configuration:  Assignment cost objects to GL accounts to be determined during Realisation.  WRICEF:  N/A |  |

## VAT

Taxation in SAP is set up per country of the legal entity and held within a country tax procedure. Each tax procedure contains rules for calculating and posting the taxation amounts along with the necessary G/L account determination. Exertis being a UK legal entity will use the UK tax procedure which contains rules related to UK VAT. Within the VAT process there are two types of VAT, input (levied on purchases) and output (related to sales). Each of these two types of VAT use tax codes to simplify the determination of tax percentages, account determination and other follow on processes such as EC Sales List preparation. Determination of which output tax code to use in the SD module is achieved by rules related to the type of customer and goods or service being sold. Similarly in Purchasing rules allow automatic determination of the correct input tax code.

### VAT Codes

VAT codes for the following rates will be available for the end user to select from:

Input VAT Rates:

20% - Standard rate

0% - Zero rated

0% - Exempt

0% - Reverse Charge VAT

21% - Netherlands domestic standard rate

0% EU (Goods)

Out of scope of VAT

Possible further VAT registrations could include:

Czech Republic, Italy, Dubai, Sweden & Ireland

Output VAT Rates:

20% - Standard rate

0% - Zero rated

0% - Exempt

0% - Reverse Charge VAT

0% EU (Goods)

Out of scope of VAT

Consideration will need to be made for non-GB VAT returns. This should be achievable by using the standard VAT reports and selecting the country specific tax codes.

### Reverse Charge (RC) VAT

Reverse Charge VAT is applied to certain specific materials. It is understood from exertis that the HMRC requirements are to post standard VAT rate of 20% to any sales transactions where the total applicable material value is less than £5000.  Should the total value of the specified materials exceed £5000, the VAT rate must be changed to a 0% rate with a special tax code denoting RC VAT.

In SAP the materials identified as being for RC VAT must have a special new tax code '9' assigned to them instead of the usual '1'. The SAP MWST tax pricing condition will be created to interpret '9' in the same way as '1' with 20%. A new price condition ZRCV must be created to hold the tax limit of £5000. A new pricing formula will be assigned to MWST in the pricing procedure. This formula will check the scale base value of the MWST record with the value of ZRCV. If the scale base is larger, then the MWST condition will be over-written with the correct RC VAT tax code and the rate reset to be 0%. Should the HMRC limit change then amending the ZRCV condition will update the exertis SAP system without any configuration change.

It is important that sales invoices can re-price their tax elements to cater for any changes to tax rates. Therefore the RC VAT will be re-determined based on the invoice quantities. This means that any short-deliveries will produce a lower RC VAT value, while consolidated billing will potentially produce a higher value when deliveries are combined.

With regards to input RC VAT, the purchase information record will hold a VAT code e.g. V1 – 20%, R1 – 0% which will default onto the purchase order.

On the P.I.R. only one VAT code can be held.

Upon processing the vendor invoice, SAP will reference to the PO and error if the VAT code entered is different from that on the P.O. It should be noted that the onus to correctly state the VAT code on the invoice is on the vendor.

It is possible within the invoice processing transaction to correct this error.

| **No.** | **Object** | **Description of Object** | **Summary of SAP design** | **Solution** | **Comments** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| 7.4.1 | VAT Codes | Code applied to sales and purchases transactions | Two character code with associated account determination. | Configuration:  For each VAT code, the input and output GL accounts where appropriate will be set.  Example Standard VAT codes available in the system:  A0 Output VAT 0%  A1 Standard rated output VAT: 20%  V0 Input VAT 0%  V1 Standard rated input VAT: 20%  Any additional VAT codes will follow the above convention.  WRICEF:  N/A |  |
| 7.4.2 | RC VAT | Code applied to transactions which are subject to RC VAT | Two character code with associated account determination. | Configuration:  VAT code will be configured to record the base amount and zero VAT on both the input and output side.  WRICEF:  N/A |  |

## Currency

The SAP system will maintain two currency values for each posting, one being the transaction currency and the second being the company code currency, GBP in the case of exertis. In the majority of cases the two currencies will be the same but if the transaction currency differs from that of the company then exchange difference processing will be required.

Basic prerequisites to transacting in different currencies in SAP are as follows:

1. Local Currency defined in company code – GBP for the company code GB01.
2. Foreign currency codes defined – (EUR, USD, HKD, SEK)
3. Translation ratios between foreign and local currency is defined – standard delivered settings will be adopted.
4. Exchange rates must be defined – exertis maintain exchange rates on a weekly basis.

Currency translations will be maintained using exchange rate type M (average). These exchange rates will be used for the majority of foreign currency translations related to actual values. Note that as planning, budgeting and forecasting will be carried out in BPC, there is no requirement to maintain exchange rate type ’P‘ which is typically used when budgeting in ECC. Also, currency implications for standard cost roll up in Controlling is detailed in the Revenue and Cost Controlling Business Processes Blueprint.

Examples of how exchange rates will impact the exertis system are as follows.

1. Foreign currency in purchase orders

* Using fixed exchange rates or the current average (M) rate

1. Foreign currency goods receipts

* Using the fixed rate from the PO or current (M) rate

1. Foreign currency invoice receipts

* Using the fixed rate from the PO or current (M) rate

1. Foreign currency in inventory valuation

* Inventory will be valued in GBP

1. Foreign currency sales orders

* Set as a common rate for price determination and invoice generation

1. Foreign currency billing documents

* Using the current (M) rate

SAP’s functionality with regard to currencies provides a great deal of flexibility. For example, a single exertis customer account can process sales orders (and subsequent invoices, credit notes etc.) in a variety of currencies (so long as those currencies and relevant exchange rates are maintained in the system). In addition exertis will be able to issue an account statement to the customer which provides a list of all open items but which will show sub-totals for each currency.

For procurement the current Oracle system has different currency codes for the same currency e.g. USD, USD Netgear. This allows a specific dollar rate to be applied to purchases from Netgear. In SAP, only one currency will exist and an enhancement to facilitate this will be developed – this is included in the P2P blueprint (ref EN117). Note that this Enhancement is now out of scope post exertis WRICEF review.

Foreign currency revaluation will be enacted as part of period closing and is described in the Month End Processing Blueprint.

Exertis will update its exchange rates for all currencies on a weekly basis. The exchange rate updates will be performed manually using a standard SAP transaction. It is possible during exceptional circumstances that exchange rates will be updated on a daily basis.

| **No.** | **Object** | **Description of Object** | **Summary of SAP design** | **Solution** | **Comments** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **7.7** | Currency Types | Exchange rate types | Standard exchange rate types will be utilised by exertis. | Configuration:  Standard exchange rate types - EUR, USD, HKD, SEK  No requirement for duplication.  WRICEF:  N/A |  |
| **7.7** | Translation Ratios | Ratios to translate between currencies using a specific rate type | Create additional translation ratios as required | Configuration:  Standard translation ratios between currencies will be used.  WRICEF:  N/A |  |
| **7.7** | Exchange Rates | Rate of exchange between two currencies | Exchange rates will be maintained based on business requirement of weekly updates. | Configuration:  N/A  WRICEF:  N/A |  |

## Bank Statement Processing

| No. | Process | Description of the Object | Summary of SAP design | Solution | Comments |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **1** | **FIN-07.01** | House Bank represents the financial institution with whom the accounts are held with. Note that this is documented in Master Data however creation and maintenance is a configuration task. | House Banks will be created to support bank statement processing. | Configuration:  House bank for Nat West  EXERTIS (UK) LTD  NATIONAL WESTMINSTER BANK PLC  BRADFORD CITY CENTRE BRANCH  7 HUSTLERGATE  BRADFORD  BD1 1PP  WRICEF:  N/A |  |
| **2** | **FIN-07.01** | Bank accounts are the actual exertis bank accounts which are being used by the business. | Bank accounts will be assigned to the House Bank. | Configuration:  Bank Accounts assigned to the Nat West House Bank    SORT CODE: 56-00-36  STERLING ACCOUNT NO: 41168747 IBAN (STERLING): GB20NWBK56003641168747  SORT CODE: 60-72-08  EURO ACCOUNT NO: 08048622 IBAN (EUROS): GB66NWBK60720808048622  SORT CODE: 60-73-01  DOLLAR ACCOUNT NO: 06028179 IBAN (DOLLARS): GB21NWBK60730106028179  SWIFT NO: NWBK GB 2L  WRICEF:  N/A |  |
| **3** | **FIN-07.01** | Account Symbols | Account Symbols are created to represent GL accounts. | Configuration:  The following represents an example of how the account symbols will be configured:  E-BANK Bank  E-OUT Outgoing  E-BANK-CHARGES Bank Charges  E-INC Incoming  E-BANK-INT Bank Interest  Each of the above will have a GL account assigned.  If during Bank Statement analysis in realisation the requirement changes to one that needs multiple incoming / outgoing clearing accounts then the account symbols will be configured accordingly.  WRICEF:  N/A |  |
| **4** | **FIN-07.01** | Posting Key Rules | A posting key rule represents the following:  Outgoing payments   * Outgoing BACS * Outgoing CHAPS/SO * Bank Interest Charges * Outgoing Direct Debits * Outgoing Foreign Currency transfers * Outgoing Cheques   Incoming receipts   * Incoming BACS/SO/Chaps * Incoming Direct Debit * Incoming Credit Card Payments * Incoming Receipts Other * Incoming Cash Receipts * Incoming Cheque Receipts * Bank Interest Income | Configuration:  For example:  001- BACS  002- CHAPS/SO  003- Bank Interest Charges  004+ Incoming BACS/SO/CHAPS  005+ Incoming DD  006+ Incoming Credit Card  007+ Incoming Other Receipts  008+ Bank Interest  WRICEF:  N/A |  |
| **5** | **FIN-07.01** | Posting Rules | Posting rules determine where the account postings will take place and are assigned to the Posting Key Rules above. | Configuration:  For each of the following, a rule will be created to determine where the postings should take place. Note that where appropriate the posting will be with clearing. This will be determined during Realisation.  Outgoing payments   * Outgoing BACS * Outgoing CHAPS/SO * Bank Interest Charges * Outgoing Direct Debits * Outgoing Foreign Currency transfers * Outgoing Cheques   Incoming receipts   * Incoming BACS/SO/Chaps * Incoming Direct Debit * Incoming Credit Card Payments * Incoming Receipts Other * Incoming Cash Receipts * Incoming Cheque Receipts * Bank Interest Income   WRICEF:  N/A |  |
| **6** | **FIN-07.01** | Electronic Bank Statement Eternal Transactions. | The external transactions determine what postings rules to use. The external transaction will determine what type of posting this is and map to the relevant posting rule (as described above). | Configuration:  The same external transaction types could be mapped to different posting rules. Using the Search String functionality.  In many circumstances the combination of the external transaction and the reference supplied needs to go to a different posting rule. This is where Search strings can be configured to determine these different posting rules.  Search strings will be designed during Realisation.  WRICEF:  TBC |  |
| **7** | **FIN-07.01** | Open item managed bank clearing account | Bank clearing accounts will be subject to manual and automatic clearing as part of GL account maintenance. | Configuration:   * For automatic clearing the clearing criteria will be based on standard available fields. Specific rules to be determined during Realisation.   WRICEF:  N/A |  |

## Cheque Deposit Processing

| No. | Process | Description of the Object | Summary of SAP design | Solution | Comments |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **1** | **FIN-04.20** | Account Symbols | Account Symbols are created to represent GL accounts. | Configuration:  The following represents an example of how the account symbols will be configured:  E-CHQ IN Incoming Cheques  The above will have a GL account assigned.  WRICEF:  N/A |  |
| **2** | **FIN-07.01** | Posting Key Rules | A posting key rule represents the following:   * Incoming Cheque Receipts | Configuration:  For example:  009+ Incoming Cheque Receipts  WRICEF:  N/A |  |
| **3** | **FIN-07.01** | Posting Rules | Posting rules determine where the account postings will take place and are assigned to the Posting Key Rules above. | Configuration:  For each of the following, a rule will be created to determine where the postings should take place. Note that where appropriate the posting will be with clearing. This will be determined during Realisation.   * Incoming Cheque Receipts   WRICEF:  N/A |  |
| **4** | **FIN-07.01** | Open item managed bank clearing account | Bank clearing accounts will be subject to manual and automatic clearing as part of GL account maintenance. | Configuration:   * For automatic clearing the clearing criteria will be based on standard available fields. Specific rules to be determined during Realisation.   WRICEF:  N/A |  |

## Period End Closing

| **No.** | **Object** | **Description of Object** | **Summary of SAP design** | **Solution** | **Comments** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **1** | Document Types and Number Ranges | Document Types and Number Ranges support unique identification of documents being processed. | Unique document type for accrual documents. | Configuration:  Create a new document type for accruals but utilise a standard delivered number range.  This will be defined during Realisation.  WRICEF:  N/A |  |
| **2** | Screen List Variants | Templates for posting recurring entries. | Templates will be created based on the different types of recurring entries to be processed, | Configuration:  Screen variants will be determined during Realisation.  WRICEF:  N/A |  |
| **3** | Valuation Method | Holds the specifications for foreign currency revaluation. | A standard evaluation method (EVR) will be adopted. | Configuration:  Valuation Method EVR will be adopted. Exchange rate type for revaluation set as M with document type SA.  WRICEF:  N/A |  |
| **4** | Valuation Area | Valuation areas allow for different valuation approaches and post to different accounts.  E.g. Currency revaluations can be directed / posted to different GL accounts | A single valuation area (Z1) is required for exertis. | Configuration:  Valuation method EVR will be assigned to an exertis specific Valuation Area Z1.  WRICEF:  N/A |  |
| **5** | Account Determination | Facilitates the automatic account postings for unrealised gains and losses. | Different accounts will be used for gains and losses. | Configuration:  Accounts will be identified during Realisation.  WRICEF:  N/A |  |

## Year End Closing

| **No.** | **Object** | **Description of Object** | **Summary of SAP design** | **Solution** | **Comments** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **1** | Adjustment accounts for GR/IR clearing | GL accounts for reclassification, ‘Invoiced but not yet delivered’ and ‘Delivered but not yet invoiced’. | Standard settings with GL account determination from the exertis chart of accounts. | Configuration:  GL accounts required for:   * Invoiced but not yet delivered (‘Goods Receipt/Invoice Receipt -GR/IR Adjustments‘ and ‘Goods Invoiced Not Received -GINR Clearing‘) * Delivered but not yet invoiced (‘Goods Receipt/Invoice Receipt -GR/IR Adjustments‘ and ‘Goods Received Not Invoiced -GRNI Clearing‘)   GL accounts to be determined during Realisation.  WRICEF:  N/A |  |
| **2** | Adjustment accounts for AR/AP reclassification | GL accounts for reclassifying AR credit balances and AP debit balances. | Standard settings with GL account determination from the exertis chart of accounts. | Configuration:  Adjustment accounts to be determined during Realisation.  WRICEF:  N/A |  |

# Operational Reporting

This section summarises the standard ERP operational reports that will be used by exertis. Non-standard reports which will be developed specifically for exertis are detailed in the Reports section of the WRICEF requirements (section 9.2). KPI and analytical reports will be provided through the SAP BI tools, and are detailed in the Reporting Finance blueprint document.

exertis will be able to use Standard GL reports such as GL balance reports, trial balance and line item reports.

The bank reconciliation will be based on the GL accounts representing cleared and uncleared funds where the cleared fund GL account represents the bank statement balance.

Standard Reports will be utilised for operational reporting. Note that this list (below) is not exhaustive however they been identified as the key reports for exertis.

## General Ledger Reporting

The following reports will be used to manage both standard G/L financial processes as well as those required at month end and year end. For reports required to manage the reporting of AP, AR, Costing and Assets at month end and year end, please refer to the respective separate Blueprint documents.

* FB03 – Display Document
* FBL3N – online account enquiry at line item level
* S\_ALR\_87012284 - Financial Statements
* S\_ALR\_87012282 - G/L Line Items, List for Printing
* S\_PLO\_86000028 – Financial Statement
* S\_PLO\_86000030 – G/L Account Balances
* S\_ALR\_87012287 - Document Journal Reports
* RFACTS2\_BL - Trial Balance
* FAGLL03 – G/L Account Line Items
* FS10N – Display G/L Balances
* S\_ALR\_87012326 – Chart of Accounts List
* S\_ALR\_87012301 - GL Account Balances
* S\_ALR\_87012282) - GL Line Items Report
* S\_ALR\_87012332 - Statement for GL Account, Customers or Vendors

This is not an exhaustive list and will likely be expanded during Realisation.

These reports can be modified and viewed in a variety of currencies and levels using the dynamic selection list options (which allow the user to view the report based on different selection criteria – such as number ranges, exclusion etc. – as well as on different data types e.g. Company Code, Cost Centre, dates, document types etc.).

Other example reports have been listed also in the other Finance-related Blueprint documents.

The same standard reports will be used by exertis to manage the month end and year end processes.

## Cash & Bank Reporting

The same transactions will be used by exertis to manage cash and bank reporting process as those listed above for general ledger reporting.

# WRICEF Requirements

## Workflow Requirements

|  |  |  |
| --- | --- | --- |
| Workflow required | Description | WRICEF Reference |
| N/A |  |  |

## Report Requirements

|  |  |  |  |
| --- | --- | --- | --- |
| **Report required** | **Fit to SAP standard report** | **WRICEF Reference** | **In Scope ?** |
| GR/IR Report. | Additional fields to be available to identify the source of the postings to the GR/IR accounts. Standard reports (MB5S - List of GR/IR Balances). Propose using standard SAP analysis so this Report should not be required. | RE004 | Y |

## Interfaces Requirements

|  |  |  |
| --- | --- | --- |
| **Interface required** | **Description -** | **WRICEF Reference** |
| N/A |  |  |

## Data Conversions Requirements

|  |  |  |  |
| --- | --- | --- | --- |
| **Data objects to migrate** | **Load method / tool** | **WRICEF Reference** | **In Scope ?** |
| GL Master Records | LSMW | CO002 | Y |
| GL balances and open items | LSMW | CO033 | Y |
| Open items on clearing accounts | LSMW | CO033 | Y |
| Bank Directory | LSMW | CO001 | Y |
| GRNI | Assume bespoke program | CO037 | Y |

## Enhancements Requirements

|  |  |  |  |
| --- | --- | --- | --- |
| **Enhancement required** | **Fit to SAP standard transaction** | **WRICEF Reference** | **In Scope ?** |
| Payroll Interface | Utilise journal processing. | EN558 | Y |

## Forms Requirements

|  |  |  |
| --- | --- | --- |
| **Output form required** | **Fit to SAP standard output** | **WRICEF Reference** |
| N/A |  |  |

# Gaps

The following items have been identified as gaps. The solution is either not known because further investigation is required or the solution is not clear because there are multiple options available and it is not clear which of them is the correct fit for the Exertis business(es).

|  |  |  |
| --- | --- | --- |
| **Blueprint reference** | **Process** | **Reason for Gap** |
| None |  |  |

# Roles & Authorisations

The following table summarises the active users associated with each process. Detailed role design will occur during realisation but this table serves as a summary for the purpose of identifying the key roles and where they will be integral to the processes within the SAP system. .

|  |  |  |  |
| --- | --- | --- | --- |
| **Process reference ID** | **Process** | **Role/user** | **Create / Change / Display** |
| 6.1 | GL Processing | Financial Accountant | Transactional processing |
|  | GL account display | GL account enquiry | Display |
|  | GL Reporting | GL Reporting | Display |
|  | Statutory Reporting | Financial Reporting | Display |
|  | GL Master maintenance | Master Data maintenance | Create / Change / Display |
| 7.1 | Bank Statement Processing | Financial Accountant | Transactional processing |
| 6.1 | All year end processes | Year End Processor | Transactional processing |

# Change Impact Summary

The following table summarises the major areas of change impact which have been identified through the blueprint activities.

|  |  |  |  |
| --- | --- | --- | --- |
| **Process reference ID** | **Process** | **Change identified** | **Impact** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

Requires business input

# Reviewer notes

Please document your reviewing comments in this section.

|  |  |  |  |
| --- | --- | --- | --- |
| Reviewer Name : |  | Review Date : |  |

# Appendix 1 – Out of Scope List

The following WRICEF items have been identified as being out of scope.

|  |  |  |  |
| --- | --- | --- | --- |
| Solution Area | WRICEF Ref | Section Reference | Comments |
| PO exchange rates | EN117 | 7.7 | Descoped during exertis WRICEF review. Since there will be no facility to store vendor-specific currency translation rates in the system, the options are to set the rate manually at the time of raising the PO, or to create multiple ‘dummy’ currencies each with its own rate. |